

SAN MATEO COUNTY TRANSPORTATION AUTHORITY
1250 SAN CARLOS AVENUE, SAN CARLOS, CA 94070
MINUTES OF DECEMBER 6, 2018

MEMBERS PRESENT: E. Beach, D. Horsley (Chair), M. Freschet, C. Groom, C. Johnson (Vice Chair), K. Matsumoto, R. Medina (via teleconference)

MEMBERS ABSENT: None

STAFF PRESENT: J. Hartnett, C. Mau, A. Chan, C. Fromson, J. Slavitt, S. van Hoften, J. Cassman, S. Murphy, D. Hansel, G. Martinez, H. Lafebre, C. Boland, J. Brook

CALL TO ORDER/PLEDGE OF ALLEGIANCE

Chair Don Horsley called the meeting to order at 5:03 pm and led the Pledge of Allegiance. He announced that Director Medina was participating by teleconference.

ROLL CALL

Assistant Authority Secretary Christine Boland called the roll. A quorum was present.

Director Rico Medina joined the meeting via teleconference from Veterans Memorial Recreation Center, 251 Park Way, San Bruno, CA. Accordingly, all votes were required to be taken by roll call.

REPORT OF THE CITIZENS ADVISORY COMMITTEE

Chair Horsley noted that no representative from the Citizens Advisory Committee was present to give a report.

CONSENT CALENDAR

- Approval of Minutes of the Board of Directors Meeting of November 1, 2018
- Approval of Minutes of the TA-C/CAG Joint Special Meeting of November 16, 2018
- Acceptance of Statement of Revenues and Expenditures for October 2018
- Acceptance of Capital Projects Quarterly Report – 1st Quarter FY 2019
- Adoption of Updated of Conflict of Interest Code (Approved by TA Resolution No. 2018-24)

Motion/Second: Johnson/Groom

Ayes: Beach, Freschet, Groom, Johnson, Matsumoto, Medina, Horsley

Absent: None

PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

None.

REPORT OF THE CHAIR

Resolution of Appreciation for Cameron Johnson

Approved by TA Resolution No. 2018-23:

Motion/Second: Matsumoto/Beach

Ayes: Beach, Freschet, Groom, Johnson, Matsumoto, Medina, Horsley

Absent: None

SAN MATEO COUNTY TRANSIT DISTRICT LIAISON REPORT

Director Karyl Matsumoto reported on the two outgoing Board members, Jeff Gee and Zoe Kersteen-Tucker. She and Jim Hartnett, Executive Director, commented on the passage of Measure W.

PENINSULA CORRIDOR JOINT POWERS BOARD REPORT

Mr. Hartnett noted that the report was in the reading file.

REPORT OF THE EXECUTIVE DIRECTOR

Mr. Hartnett said he planned to do a brief report in January on TA, SamTrans, and JPB activities, highlighting Measure W and the steps to be taken towards its implementation.

FINANCE

Acceptance of Fiscal Year 2018 Comprehensive Annual Financial Report

Derek Hansel, Chief Financial Officer, introduced Grace Martinez, Director of Accounting, who conducted a presentation with Nathan Edelman, Auditor Consultant, Vavrinek, Trine, Day & Co., LLP, summarizing the findings of the Comprehensive Annual Financial Report (CAFR).

Motion/Second: Matsumoto/Freschet

Ayes: Beach, Freschet, Groom, Johnson, Matsumoto, Medina, Horsley

Absent: None

Program and Allocate up to \$350,000 for the Development of the Strategic Plan 2020-2024

Joel Slavit, Manager, Programming & Monitoring, gave a presentation outlining the requirements, scope of work, process, and schedule for the 2020-2014 Strategic Plan.

Director Emily Beach inquired about the plan's public outreach efforts. April Chan, Chief Officer, Planning, Grants/Transportation Authority, said staff could come back to

the Board to share additional details about the public outreach process that will help inform the Plan.

Director Matsumoto asked Mr. Slavitt to further define “integration opportunities.” He said this refers to identifying opportunities for consolidating activities required for implementation of Measures A and W, such as doing joint calls for projects for the two Measures.

Director Carole Groom said she strongly supported having frequent town hall meetings early in the outreach process.

Public Comment:

- Chris Lepe, TransForm, thanked the Board and staff for their support of Measure W outreach.

Approved by TA Resolution No. 2018-25:

Motion/Second: Beach/Groom

Ayes: Beach, Freschet, Groom, Johnson, Matsumoto, Medina, Horsley

Absent: None

Authorize Amendments to Contracts for Provision of On-Call Transportation Planning and Support Services

Hilda Lafebre, Manager, Capital Projects & Environmental Planning, summarized her staff report.

Approved by TA Resolution No. 2018-26:

Motion/Second: Freschet/Johnson

Ayes: Beach, Freschet, Groom, Johnson, Matsumoto, Medina, Horsley

Absent: None

PROGRAM

Approval of Owner and Operator for the US 101 Managed Lanes Project and Next Steps

Ms. Chan facilitated a presentation on the TA's options in determining the owner/operator for the Managed Lanes Project and implications of the decision, which must be made jointly with the City/County Governments of San Mateo County (C/CAG). She noted that the packet contained letters received from the two potential operators: Bay Area Infrastructure Financing Authority (BAIFA) and Santa Clara Valley Transportation Authority (VTA). She said the presentation would address some of the questions that were raised at the November 16 combined TA and C/CAG workshop.

Director Medina left the meeting from 5:46 to 5:58 pm.

Post the presentation, TA Directors engaged in a discussion and asked additional questions.

Director Maureen Freschet said that she was concerned that new C/CAG members who are unfamiliar with the project may be voting on the owner-operator decision. Sandy Wong, Executive Director of C/CAG, explained the C/CAG membership will not change until after their December 13 board meeting, when the owner/operator decision will be made.

Director Freschet asked about putting together a Joint Powers Agency between the TA and C/CAG to oversee the managed lanes. Mr. Hartnett said that legal counsel could talk about the options.

Director Freschet asked how net revenues of the future toll lanes would be calculated to be made available for local transportation uses. Ms. Chan explained that the state statutes determine how net revenues are calculated: gross revenues are the revenues collected from users. Operating and maintenance costs, along with capital reserves, and debt service, if any, can come off-the-top of the gross revenues collected. What remains, per State statute, is the net revenues, which can be used to benefit the highway corridor in which the express lanes are located.

Vice Chair Johnson asked about user experience when crossing the San Mateo County line into Santa Clara or San Francisco. Ms. Chan said that the selection of BAIFA or VTA to operate the managed lanes in San Mateo County should not impact user experience and that the managed lanes operators communicate regularly to avoid problems and ensure seamless transitions when drivers cross between different segments of managed lanes in the Bay Area network of express lanes, regardless of who the operator is.

Director Beach asked about the funding plan for the capital project. Tony Harris, Managing Partner, Point C, LLC, responded that SB1 funds cannot fund cost overruns of the project. Ms. Chan said that in the event of a project cost overrun, TA, C/CAG, and MTC would discuss how to provide the needed funding.

Director Beach asked about whether the model used to estimate revenue assumes a toll cap. Ms. Chan said that the current revenue model assumes that the toll per mile is capped at \$3.00.

Public Comment:

- Chris Lepe, TransForm, said that the decision needs to address three things: 1) ensure an equitable approach to moving people; 2) how to get the existing project to San Francisco, and 3) how to properly address any cost overrun of the project.

Ms. Chan introduced Carolyn Gonot, Chief Engineering & Program Delivery Officer, VTA, who gave a presentation on the operations of VTA's Silicon Valley express lanes facility.

Director Freschet asked about managed lane equity programs at VTA. Ms. Gonot said money has been allocated for such programs, but the equity program has not been put in place yet.

Director Beach asked about capital reserves and Ms. Gonot said that VTA establishes its own capital reserves for its managed lanes.

Ms. Chan then introduced Andrew Fremier, Deputy Executive Director of Operations,

Metropolitan Transportation Commission (MTC), who talked about BAIFA's managed lanes operations and responded to questions from the Board.

Director Groom asked about the make-up of the BAIFA board. Mr. Fremier described the BAIFA Board's genesis and membership, and how it would change to add San Mateo County's representative if BAIFA is selected as owner-operator of the San Mateo County managed lanes.

Director Matsumoto asked about BAIFA's bonding capability. Mr. Fremier explained BAIFA's bonding capability would likely be limited in light of the fact that express lanes in the current Bay Area network are "open access." Banks do not see these express lanes as being as credit-worthy as "closed-access" ones. Hence he does not see that BAIFA would be bonding against these revenues in the near future. He did, however, explain the relationship between MTC, Bay Area Toll Authority (BATA) and BAIFA, and indicated there could be support and assistance from MTC and BATA for BAIFA's future funding needs.

Mr. Hartnett clarified the actions the Board can take at the meeting: the Board could choose between the two options outlined in the staff report, or it could provide staff with further direction on obtaining additional clarification on the conditions outlined in the staff report for the two options, and return to the the next Board meeting to enable the Board to make the selection of the ownership-operator structure at that time.

Joan Cassman, Legal Counsel, provided guidance on how to address the two governance options outlined in the staff report. The Board discussed the two options and Director Beach asked about the TA Citizens' Advisory Committee's weigh-in on the owner/operator options. Ms. Chan said that the CAC was as split as the Board on the options.

Public Comment:

- Linda Koelling, C/CAG Congestion Management & Environmental Quality (CMEQ) board member, said that CMEQ supported Option 2 (VTA as owner/operator) as proposed in the staff report.

Director Beach proposed that the Board authorize the TA Executive Director, or his designee, subject to C/CAG doing the same, to retain ownership of the managed lane facility and to enter into an agreement with the Santa Clara Valley Transportation Authority to operate the facility...

Board members who voted for the motion explained their view that San Mateo County should retain ownership as we know the County best, and that residents of the County would want local accountability. They stated that the long-term viability and resulting opportunities presented by ownership of the express lanes would outweigh any short-term financial risks. Those who voted against the motion expressed that regionalism should be key in the decision-making process.

Motion/Second: Beach/Groom

Ayes: Beach, Freschet, Groom, Medina, Horsley

Noes: Johnson, Matsumoto

Absent: None

Director Beach made a second motion to direct staff to explore another alternative for the structure of the relationship structure between C/CAG and the TA, under which where one board or the other retains the authority to make decisions on the express lanes, subject to limits required by state statutes, to simplify and streamline the ownership governance structure.

Motion/Second: Beach/Johnson

Ayes: Beach, Freschet, Groom, Johnson, Matsumoto, Medina, Horsley

Absent: None

Funding of Actions on Previously Identified Inactive Highway Projects from the 2012 Highway Program Call for ProjectsApproved by TA Resolution No. 2018-27:

Motion/Second: Johnson/Matsumoto

Ayes: Beach, Freschet, Groom, Johnson, Matsumoto, Medina, Horsley

Absent: None

Vice Chair Johnson left the meeting at 8:04 pm.

State and Federal Legislative Update

Casey Fromson, Director, Government and Community Affairs, introduced Lauri Hettfenger, Senior Policy Advisor, Holland & Knight, Washington, DC, who gave a brief overview of the recent federal election results and their impact on the Authority.

Gus Khouri, Legislative Advocate, Khouri Consulting, Sacramento, discussed SB 1 funding and the US 101 Managed Lanes project.

2019 Draft Legislative Program

Ms. Fromson said that staff would take any comments on the draft 2019 Legislative Program and request that the Board adopt a final version in January.

REQUESTS FROM THE AUTHORITY

None.

WRITTEN COMMUNICATIONS TO THE AUTHORITY

Chair Horsley noted that there was no correspondence.

DATE/TIME OF NEXT REGULAR MEETING

Chair Horsley announced that the next meeting would be on Thursday, January 3, 2019, 5:00 pm, at the San Mateo County Transit District Administrative Building, Bacciocco Auditorium, 2nd Floor, San Carlos Avenue, San Carlos, CA.

REPORT OF LEGAL COUNSEL

No report.

ADJOURN

The meeting adjourned at 8:19 pm.

An audio/video recording of this meeting is available online at www.smcta.com. Questions may be referred to the Board Secretary's office by phone at 650.508.6279 or by email to board@smcta.com.